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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 1992

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 2-99080 - NY

NATIONAL DIVERSIFIED SERVICES, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

11-2820379
(I.R.S. Employer
Identification No.)

104 East 25th Street, 10th Floor
New York, New York
(Address of principal executive offices)

10010
(Zip Code)

Registrant's telephone number,
including area code:

(212) 353-8280

None

(Former name, former address and former fiscal year if changed
since last report)

Indicate by check mark whether the Registrant (1) has filed all
reports required to be filed by Section 13 or 15(d) of the
Securities Exchange Act of 1934 during the preceding 12 months (or
for such shorter period that the Registrant was required to file
such reports) and (2) has been subject to such filing requirements
for the past 90 days.

Yes X. No .

6,548,870 Common Shares, \$.001 par value were issued and
outstanding at March 31, 1992.

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NATIONAL DIVERSIFIED SERVICES, INC.

INDEX

	<u>Page Number</u>
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Balance Sheets March 31, 1992 (Unaudited) and December 31, 1991	3
Consolidated Statements of Operations Three Months ended March 31, 1992 and March 31, 1991	4
Consolidated Statements of Cash Flows Three Months ended March 31, 1991 and March 31, 1991	5
Notes to Financial Statements (Unaudited)	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	7
PART II. OTHER INFORMATION	9
SIGNATURES	10

NATIONAL DIVERSIFIED SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	MARCH 31, 1992	DECEMBER 31, 1991
	(Unaudited)	(Audited)
CURRENT ASSETS:		
Cash and cash equivalents	\$285,087	\$284,884
PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation of \$6,890 at March 31, 1992 and \$593 at December 31, 1991	 845	 939
TOTAL	<u>\$285,932</u>	<u>\$285,823</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 3,655	\$ 3,005
Accrued salaries - officer	<u>58,750</u>	<u>58,750</u>
Total current liabilities	<u>62,405</u>	<u>61,755</u>
STOCKHOLDERS' EQUITY:		
Common stock, \$.001 par value:		
Authorized - 30,000,000 shares		
Issued - 6,553,870 shares	6,554	6,554
Additional paid-in capital	<u>705,755</u>	<u>705,755</u>
Total	712,309	712,309
Deficit	<u>(488,777)</u>	<u>(488,236)</u>
Balance	223,532	224,073
Less: 5,000 shares of treasury stock, at cost	<u>(5)</u>	<u>(5)</u>
Total stockholders' equity	<u>223,527</u>	<u>224,068</u>
TOTAL	<u>\$285,932</u>	<u>\$285,823</u>

NATIONAL DIVERSIFIED SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	<u>THREE MONTHS ENDED MARCH 31, 1992</u>	<u>THREE MONTHS ENDED MARCH 31, 1991</u>
REVENUES - INTEREST	\$ 3,149	\$ 3,635
GENERAL AND ADMINISTRATIVE EXPENSES	<u>3,690</u>	<u>5,966</u>
NET LOSS	<u>\$ (541)</u>	<u>\$ (3,331)</u>
NET LOSS PER SHARE, BASED ON THE WEIGHTED AVERAGE SHARES OUTSTANDING	<u>\$ - *</u>	<u>\$ - *</u>
NUMBER OF SHARES USED TO COMPUTE LOSS PER SHARE	<u>6,548,870</u>	<u>6,548,870</u>

*Less than \$.01 per share

NATIONAL DIVERSIFIED SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

THREE MONTHS ENDED THREE MONTHS ENDED
MARCH 31, 1992 MARCH 31, 1991

INCREASE (DECREASE) IN CASH AND CASH
EQUIVALENTS

Cash flows from operating activities:
Net loss

\$ (541) \$ (3,331)

Adjustments to reconcile results of
operations to net cash used for
operating activities:

Depreciation and amortization

94 199

Changes in assets and liabilities:

Accounts payable and accrued
expenses

650 (1,582)

Total adjustments

744 (1,383)

Net cash provided by (used in)
operating activities

203 (4,714)

NET CHANGE IN CASH AND CASH EQUIVALENTS

203 (4,714)

Cash and cash equivalents - beginning

284,884 289,434

CASH AND CASH EQUIVALENTS - ending

\$285,087 \$284,720

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

There was no cash paid for interest and income taxes for the
three months ended March 31, 1992 and 1991.

NATIONAL DIVERSIFIED SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1992

(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The attached summarized financial information does not include all disclosures required to be included in a complete set of financial statements prepared in conformity with generally accepted accounting principles. Such disclosures were included with the consolidated financial statements of the Company at December 31, 1991, included in its annual report on Form 10-K. Such statements should be read in conjunction with the data herein.

NOTE 2 - ADJUSTMENTS

The financial information reflects all normal recurring adjustments which, in the opinion of management, are deemed necessary for a fair presentation of the results for the interim periods. The results for the interim periods are not necessarily indicative of the results to be expected for the year.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

During the first three months of 1992, the Company had no revenues other than interest income since the Company terminated its import and sale business operations as described below.

Termination of Import and Sale Business

The Company had a five-year employment agreement with Raymond Locky, Jr. which provided for a weekly salary of \$2,692. The agreement also provided for him to purchase 4,786,000 shares of the Company's Common Stock at a purchase price of \$47,860. These shares were placed in escrow pending payment. Pursuant to a Letter Agreement (the "Letter Agreement") dated October 10, 1990 between the Company and Raymond Locky Jr., the Company agreed to pay Mr. Locky's full salary as per the Employment Agreement dated as of November 22, 1989 through October 3, 1990 and the fourth quarter of his disability insurance. Pursuant to said Letter Agreement, Mr. Locky agreed that the Company has the right to terminate all future compensation due to him under the Employment Agreement and that between the period October 10, 1990 through November 3, 1990, the Company and Mr. Locky will attempt to negotiate a revised Employment Agreement with respect to compensation. Since a mutually satisfactory agreement was not reached by November 3, 1990, the date contemplated in the Letter Agreement, the Company terminated the Employment Agreement with Raymond Locky in all respects in accordance with the terms of the Letter Agreement.

Since the Employment Agreement has been terminated, the Company repurchased the 4,786,000 shares owned by Mr. Locky that were held in escrow at a cost of \$47,860 via the cancellation of Mr. Locky's indebtedness to the Company in a like amount including all accrued and unpaid interest. In addition, in February 1991, Mr. Locky notified the escrow agent that he was not and never was a stockholder of the Company. Accordingly, the 4,786,000 shares were released from escrow and returned to the status of authorized but unissued shares.

Due to the non-profitability of the Company's business operations during 1990, the Company elected to terminate its import and sale business operations. The Company is presently exploring various business opportunities that may be available to it.

Liquidity and Capital Resources

Financing of the Company's activities has been provided from the public sale of its securities for cash amounting to a net of approximately \$600,000. At March 31, 1992, the Company's working capital amounted to \$222,682 with cash assets of \$285,087.

During the second quarter of 1990, the Company entered into a Letter of Credit facility with a lender, which provides for sight letters of credit of up to \$1,500,000. The agreement with the lender provides for specific charges and fees for the opening and negotiation of the letters of credit. The facility is collateralized by accounts receivable (including the assignment of the credit insurance policy), inventories, property, plant and equipment and general intangibles of the Company.

The agreement granted 40,000 shares of the Company's Common Stock to the lender or its agent at a cost equal to the par value of the shares. As of March 31, 1992, these shares have not been issued or paid for. In connection with the agreement, there are certain restrictions on the Company involving indebtedness, additional letters of credit, investments, acquisitions, capital expenditures and payments to related parties. As a result of the Company's termination of its business operations, Management believes that its institutional lender will no longer permit the Company to draw upon its line-of-credit. Further, the Company intends to seek the termination of its current lending agreement with such lender.

NATIONAL DIVERSIFIED SERVICES, INC.

PART II - OTHER INFORMATION

- Item 1. Legal Proceedings: None
- Item 2. Changes in Securities: None
- Item 3. Defaults Upon Senior Securities: None
- Item 4. Submission of Matters to a Vote of Security Holders:
None
- Item 5. Other Information: None
- Item 6. Exhibits and Reports on Form 8-K:
- (a) Exhibits - None
 - (b) No reports on Form 8-K were filed during the quarter ended March 31, 1992.

NATIONAL DIVERSIFIED SERVICES, INC.

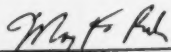
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL DIVERSIFIED SERVICES, INC.

(Registrant)

Dated: May 29, 1992


Morry F. Rubin, President, Chief
Executive, Financial and
Accounting Officer